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LISTING STATEMENT No. 2018

LISTED MAY 22nd, 1959.
143,750 common shares of \$2 par value.
Ticker abbreviation "RCI"
Post section 11

TORONTO STOCK EXCHANGE

LISTING STATEMENT

JUN 9 1959

REICHHOLD CHEMICALS (CANADA) LIMITED

A Company incorporated under the laws of Ontario by Letters Patent dated October 26, 1949, and amended by Supplementary Letters Patent dated August 9, 1950, December 19, 1951, February 2, 1953, April 9, 1953, February 7, 1955, March 7, 1955, April 25, 1957, January 23, 1958 and April 14, 1959.

COMMON SHARES OF THE PAR VALUE OF \$2 PER SHARE
CAPITALIZATION
(as at May 13, 1959)

	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
5% Non-Cumulative Preference Shares of the par value of \$10 each.....	47,500	47,500	—
Common Shares of the par value of \$2 each.....	762,500	143,750	143,750

MAY 15, 1959

1. APPLICATION

REICHHOLD CHEMICALS (CANADA) LIMITED (hereinafter called the "Company") hereby makes application for listing on The Toronto Stock Exchange of 143,750 common shares of the par value of \$2 per share in its capital stock, all of which are issued and outstanding as fully paid and non-assessable.

2. REFERENCE TO ATTACHED PROSPECTUS

Reference is made to the prospectus issued by the Company under date of April 15, 1959 in respect of the offering of 35,000 common shares of the par value of \$2 per share in the capital stock of the Company, a copy of which prospectus is incorporated herein and made a part hereof.

3. OPINION OF COUNSEL

Messrs. Tory, Arnold, Wardlaw, Whittaker & Tory, 50 King Street West, Toronto, Ontario, Counsel for the Company, are filing in support of this application an opinion stating among other things that (i) the Company has been duly incorporated and is a valid and subsisting company in good standing under the laws of Ontario; and (ii) 143,750 common shares of the par value of \$2 per share in the capital stock of the Company have been duly issued and are outstanding as fully paid and non-assessable. E. G. Arnold, Q.C., of Messrs. Tory, Arnold, Wardlaw, Whittaker & Tory is a director and an officer of the Company.

4. DIVIDENDS PAID

From the date of incorporation to the date of this application the following cash dividends have been paid:

YEAR ENDING	PREFERENCE DIVIDENDS	COMMON DIVIDENDS
December 31, 1954	Nil	\$12,500
December 31, 1955	Nil	12,500
December 31, 1956	\$23,750	12,500
December 31, 1957	Nil	Nil
December 31, 1958	Nil	20,515
April 10, 1959	23,750	21,750

In addition to the cash dividends paid as set forth above, on June 30, 1957 the Company issued to holders of record of common shares of the Company on April 30, 1957 1,250 common shares as a stock dividend on the common shares in the Company then issued and outstanding.

5.

FUNDED DEBT

At the date of this application the total outstanding funded debt of the Company amounted to \$850,000 in the form of 5% Sinking Fund Secured Debentures and 5¾% Secured Debentures. The Company has covenanted in the trust indenture securing the debentures to pay to the Trustee the following amounts as and by way of sinking funds for the secured debentures:

- (i) for the 5% Sinking Fund Secured Debentures on or before January 1 in each of the years 1958 to 1967, both inclusive, an amount sufficient to redeem \$50,000 principal amount thereof;
- (ii) for the 5¾% Secured Debentures on January 1, 1968 or on January 1 of the year following the year in which all the 5% Sinking Fund Secured Debentures are retired, whichever is earlier, and on each January 1 thereafter up to and including January 1, 1972 an amount sufficient to redeem \$50,000 principal amount thereof.

6.

LISTING ON OTHER STOCK EXCHANGES

The common shares of the par value of \$2 per share in the capital stock of the Company are not listed on any other stock exchange and no such listing is contemplated at this time.

7.

STATUS UNDER SECURITIES ACT

The offering of the 35,000 shares of the par value of \$2 per share in the capital stock of the Company offered for sale by the aforementioned prospectus have been qualified for sale to the public through registered brokers in all provinces of Canada except Newfoundland, Prince Edward Island and Saskatchewan.

8.

FISCAL YEAR

The fiscal year of the Company ends on December 31 in each year.

9.

ANNUAL MEETING

The annual meeting of the shareholders is held on such day in each year as the board of directors may from time to time determine. The last annual meeting was held on April 2, 1959.

10.

HEAD OFFICE

The head office of the Company is at 1919 Wilson Avenue, Weston, Ontario.

11.

TRANSFER FEE

No fee is charged on the transfer of the common shares of the par value of \$2 per share in the capital stock of the Company other than the customary Government stock transfer taxes.

CERTIFICATE

Pursuant to a resolution duly passed by its board of directors, the applicant company hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



REICHHOLD CHEMICALS (CANADA) LIMITED

"W. G. AIRD," Vice-President

"E. G. ARNOLD," Secretary

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

Distribution of Common stock as of May 4th, 1959

As of May 4th, 1959

NUMBER		SHARES	
395	Holders of 1— 100 share lots		16,216
21	" " 101— 200 " "		3,800
8	" " 201— 300 " "		2,250
3	" " 301— 400 " "		1,150
4	" " 401— 500 " "		1,930
6	" " 501— 1000 " "		4,609
25	" " 1001— up " "		113,795
462 Stockholders		Total shares	143,750

This prospectus is not, and under no circumstances is to be construed as, a public offering of any of the shares referred to herein for sale in the United States of America or in the territories or possessions thereof.

NEW ISSUE



Creative Chemistry . . . Your Partner in Progress

35,000 Shares

Reichhold Chemicals (Canada) Limited

(Incorporated under the laws of Ontario)

Common shares with a par value of \$2.00 each

Transfer Agent and Registrar:

National Trust Company, Limited, Toronto, Montreal and Winnipeg

Application for the listing on The Toronto Stock Exchange of the common shares of the Company to be outstanding has been approved, subject to the filing of documents and evidence of satisfactory distribution.

We, as principals, offer these 35,000 common shares, subject to prior sale and change in price, if, as and when issued by the Company and accepted by us and subject to the approval of all legal matters on behalf of the Company by Messrs. Tory, Arnold, Wardlaw, Whittaker & Tory, Toronto, Ontario, and on our behalf by Messrs. Borden, Elliot, Kelley & Palmer, Toronto, Ontario.

PRICE: \$17.50 per share

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

It is expected that interim share certificates will be ready for delivery on or about April 27, 1959.

REICHOLD CHEMICALS (CANADA) LIMITED

Weston, Ontario,
April 15, 1959.

McLeod, Young, Weir & Company Limited,
50 King Street West,
Toronto, Ontario.

Dear Sirs:

In connection with your purchase of 35,000 common shares with a par value of \$2.00 each in the capital stock of Reichhold Chemicals (Canada) Limited (herein sometimes referred to as the "Company") I am pleased to submit the following information regarding the business and affairs of the Company.

The Company

Reichhold Chemicals (Canada) Limited was incorporated under the laws of Ontario in 1949 as a private company and by supplementary letters patent dated April 14, 1959 was converted into a public company. The Company is a subsidiary of Reichhold Chemicals, Inc. (herein sometimes referred to as the "parent company") a Delaware corporation which is engaged directly and through subsidiaries, affiliated companies and licensed associates in the business of manufacturing and selling synthetic resins, industrial chemicals and inorganic colour pigments in the United States and 20 other countries. Reichhold Chemicals, Inc. is a major producer of synthetic resins in the United States. Its total net sales reached a record high level of \$74,057,680 for the fiscal year ended December 31, 1958.

Reichhold Chemicals (Canada) Limited is engaged in the business of manufacturing and selling in Canada a wide range of synthetic resins, which have a wide application in the surface coating and other fields, and certain allied specialty chemical products. In addition, the Company is one of two producers in Canada of phthalic anhydride, an industrial chemical used in the manufacture of certain of the Company's products as well as being required and in demand for the products of other chemical companies. In the past the Company manufactured its products under the formulae, technical assistance and know-how of the parent company free of royalties. Under an agreement dated April 13, 1959, the parent company has granted to the Company for a period of 25 years from January 1, 1959 an exclusive license to use on a royalty basis its patents, formulae, processes, technical know-how and trade marks in the manufacture and sale in Canada of phthalic anhydride and all synthetic resins now developed and produced or to be developed and produced by the parent company during the lifetime of the agreement.

The Company initially operated as sales agent for products of the parent company and took over the marketing business which the parent company had operated in Canada since 1930 for the sale and distribution of its products. When sales volume and the supply and service requirements of its customers for various products reached an economic level to warrant their domestic manufacture, the Company established and subsequently expanded its own manufacturing facilities. In addition to the manufacture of end products, it is the policy of the Company to engage in the manufacture of any basic industrial chemical required in its processes where such manufacture becomes desirable from the standpoint of assuring supply and stabilizing raw material costs so as to enable the Company to minimize fluctuations in and lower the cost of its end products. In this connection the Company now has modern plant facilities designed to produce 5,000,000 lbs. of phthalic anhydride a year, a basic component of synthetic resins and plasticizers, and has under consideration the establishment of a plant to manufacture phenol, another basic chemical ingredient required in the resin industry.

At present the Company owns and operates 3 chemical plants which produced in excess of 35,000,000 lbs. of products which, including the sales value of products sold on an agency basis, had a total sales value exceeding \$5,750,000 for the year ended December 31, 1958. The Company continues to import and market in Canada on an agency basis certain of the parent company's products for which the volume of demand does not warrant production in Canada.

Sales and Distribution

Sales of the Company's products are made directly to companies in a wide variety of industries of which the principal are the following: automotive, brake lining, building trades, carbon paper, chemical, chewing gum, chipboard, fibre glass, flooring, foundry, furniture, hardboard, linoleum, moulding compound, paint and varnish, paper, plastic, plywood and structural insulation. The Company estimates that approximately 40% of its sales are to the paint and varnish industries, a like percentage to the plywood and hardboard industries and approximately 8% to the chemical industry with smaller percentages to various other industries.

During the year 1958 no single customer accounted for as much as 8% of the Company's sales and the 20 largest customers accounted for less than 55%. The Company's products are distributed for the most part in bulk, the majority of its shipments being made by tank trucks, tank cars and trucking vans.

Products

The principal groups of the products of the Company are as follows:

SURFACE COATING RESINS: These include alkyd resins, epoxy resins, melamine resins, phenolic resins, phenol modified rosin products, esterified rosins, urea alcohol reaction products and emulsions, all of which are essential to the manufacture of many kinds of paints, varnishes and lacquers used to coat wood, metals or other surfaces. Included among the trademarks under which some of these products are sold are the names "Beckosol", "Beckacite", "Beckolin", "Beckopol", "Beckamine", "Styresol", "Wallkyd", "Wallpol", "Polylite", "Epotuf", "Lustrasol" and "Pentacite".

INDUSTRIAL CHEMICALS: As mentioned above the Company produces phthalic anhydride and is contemplating the manufacture of phenol. These chemicals are basic ingredients used in further chemical manufacturing processes, the Company employing them in its own manufacturing operations and selling production in excess of its own requirements to others.

PHENOL-FORMALDEHYDE RESINS: These include resins for adhesives for plywood and furniture, products for bonding glass and rockwool, materials for lamination, grinding wheel fabrication, foundry shell moulds and castings. These products are sold under the names "Plyophen", "Forasite" and "Foundrez" and other trademarks.

UREA-FORMALDEHYDE RESINS: These include resins for plywood, furniture and foundry binders, as well as resins to strengthen paper products and to reduce wrinkling and shrinkage in textile materials. Included among the trademarks under which some of these products are sold are the names "Plyamine", "Foramine" and "Fabrez".

SPECIALTY PRODUCTS: These include protein glues for plywood and polyester resins, a reinforced plastic resin used to bond fibrous glass used in the manufacture of boats, truck bodies, corrugated sheeting, safety equipment, automobile parts and foundry products. Among the trademarks under which some of these products are sold are the names "Polylite", "Corovit", "Foundrez", "CoRCIment", "Co-Relees" and "Synthe-Copal".

Plants

The Company's 3 plants are strategically located in geographical proximity to its principal marketing areas of Ontario, Quebec and British Columbia. The Ontario plant is located in Metropolitan Toronto on a 3 acre site; the Quebec plant at Ste. Therese de Blainville on a 42 acre site and the British Columbia plant at Port Moody on a 10 acre site. All plants manufacture a wide range of surface coating resins, phenol-formaldehyde resins and urea-formaldehyde resins. In addition, phthalic anhydride is produced by the Quebec plant, polyester by the Ontario plant and protein glues by the British Columbia plant. The Company also holds 112 acres of land on the St. Lawrence Seaway at Millhaven, Ontario, for possible future expansion into the production of industrial chemicals.

These plants are of brick, steel and concrete block construction, have been well maintained and are in a sound operating condition. For the 9 fiscal periods ended December 31, 1958, the Company has expended \$3,081,000 on capital account to extend its manufacturing facilities and as at December 31, 1958 the net book value of land, plant and equipment totalled \$2,067,000.

The Company has approximately 150 employees including engineering and clerical staff.

Raw Materials

The principal raw materials used by the Company in the manufacture of its products are benzol, caustic soda, fatty acids, formaldehyde, glycerine, glycols, litharge, maleic anhydride, melamine, methanol and other alcohols, naphthalene, organic solvents, pentaerythritol, petroleum solvents, phenol, phthalic anhydride, rosin, soya flour, styrene monomer, sulphur, sulphuric acid, urea, vinyl acetate, vegetable oils and xylene. These raw materials are purchased from Canadian producers wherever possible. In general, the raw materials required by the Company are available from many suppliers and at present are in good supply.

Purpose of Issue

The net proceeds of the sale of the 35,000 common shares with a par value of \$2.00 each in the capital stock of the Company will be used by the Company for general corporate purposes.

Capitalization

(After giving effect to the present financing)

	<u>Authorized</u>	<u>Outstanding</u>
Secured Sinking Fund Debentures (1)		
5% Sinking Fund Secured Debentures due January 1, 1967 .	\$500,000	\$400,000
5¾% Secured Debentures due January 1, 1973 (2).....	500,000	450,000
5% Non-cumulative redeemable preference shares with a par value of \$10.00 each.....	475,000	475,000
Common shares with a par value of \$2.00 each.....	762,500 shs.	143,750 shs.

Notes: 1. The trust indentures providing for the issuance of the Secured Sinking Fund Debentures of the Company limit the principal amount of Debentures which may be issued thereunder to \$1,000,000.

2. Interest in addition to 5¾% is payable on the 5¾% Secured Debentures at the rate of ¼ of 1% per annum for each \$25,000 by which the net profit of the Company (before charging such additional interest) exceeds \$100,000. Such additional interest is limited to a maximum of 3%.

Earnings

The following statement with respect to the earnings of Reichhold Chemicals (Canada) Limited has been received from the Company's auditors, Messrs. Peat, Marwick, Mitchell & Co., Chartered Accountants, Toronto.

REICHOLD CHEMICALS (CANADA) LIMITED

Statement of Earnings for the Nine Fiscal Periods Ended December 31, 1958

Fiscal Period Ended December 31,	Profit From Operations Before Depreciation, Interest on Debentures and Taxes on Income	Depreciation	Debenture Interest	Profit Before Taxes on Income	Taxes on Income		Net Profit
					Current	Deferred (Note 2)	
1950 (Note 1)	\$ 48,173	19,274	—	28,899	10,700	—	18,199
1951	237,440	49,905	—	187,535	101,000	—	86,535
1952	228,961	50,992	—	177,969	98,800	—	79,169
1953	326,736	131,349	20,716	174,671	81,000	—	93,671
1954	349,580	126,584	27,313	195,683	83,432	—	112,251
1955	352,273	122,090	44,204	185,979	27,300	57,700	100,979
1956	317,650	168,436	50,875	98,339	—	40,900	57,439
1957	431,978	177,010	50,875	204,093	48,500	49,000	106,593
1958	727,453	182,507	55,125	489,821	189,222	39,000	261,599

NOTES: 1. From date of incorporation, October 26, 1949, to December 31, 1950.

2. In the years 1955 to 1958 inclusive, the company has claimed or proposes to claim for income tax purposes capital cost allowances in excess of the depreciation included in the above summary of earnings. Such additional amounts will not be available to reduce future taxes on income and accordingly the tax reductions involved have been deducted from income and are included above under the heading of "Taxes on Income, Deferred".

3. During the period of the above statement of earnings the company received technical assistance, formulae and know-how from Reichhold Chemicals, Inc., the parent company, free of charge. Under date of April 13th, 1959, the company entered into an agreement with Reichhold Chemicals, Inc., for a period of twenty-five years from January 1st, 1959, to pay for the use of patents, formulae, processes, technical know-how and trade marks of the parent company by royalty on net sales of goods manufactured by the company thereunder. Such royalty is to be (1) in 1959, 1% of such net sales or \$10,000 whichever is less; (2) in 1960, 1% of such net sales; and (3) in 1961, and subsequent years, 2% of such net sales.

To the Directors,
REICHOLD CHEMICALS (CANADA) LIMITED.

We have examined the above statement of earnings of Reichhold Chemicals (Canada) Limited for the nine fiscal periods ended December 31, 1958. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the above statement presents fairly the results of the operations of the company for the nine fiscal periods ended December 31, 1958.

Toronto, Ontario,
April 15, 1959.

(Signed) PEAT, MARWICK, MITCHELL & Co.,
Chartered Accountants.

Earnings for the 4 years 1954 to 1957 inclusive reflect the high cost of acquiring adequate supplies of phthalic anhydride in the open market together with the non-recurring costs incurred in "breaking-in" the Company's plant for the production of this chemical. In keeping with the basic policy of the parent company to engage in the manufacture of basic chemicals required in its processes to ensure an economical source of supply, the Company in 1954 commenced construction of its own phthalic anhydride plant. This plant came into full production during 1956 and the savings eventually effected enabled the Company to show considerable improvement in its earnings position. The Company anticipates that the benefits accruing from having its own source of supply of phthalic anhydride will continue to have a favourable effect on its earnings position.

According to the above statement net profits of the Company for the 9 fiscal periods ended December 31, 1958 have averaged \$99,974 per year and for the year ended December 31, 1958 were \$261,599, respectively equivalent, after allowing for a dividend of 5% on the outstanding \$475,000 par value of 5% preference shares, to \$0.53 and \$1.65 for each of the 143,750 common shares of the Company to be outstanding upon completion of present financing.

Assets

According to the subjoined pro forma balance sheet of the Company as at December 31, 1958 (which gives effect to the change set forth in the heading thereto) as reported upon by the Company's auditors, Messrs. Peat, Marwick, Mitchell & Co., Chartered Accountants, Toronto, net assets were as follows:

Current assets	\$ 2,120,624	
Less: Current liabilities	728,610	
Net Current assets		\$ 1,392,014
Fixed assets—at cost	\$ 3,081,216	
Less: Allowance for depreciation	1,013,460	
Net fixed assets		\$ 2,067,756
		\$ 3,459,770
Less: Secured Sinking Fund Debentures	\$ 850,000	
Deferred taxes on income	186,600	
		\$ 1,036,600
Net assets		\$ 2,423,170

On the basis of the foregoing, such net assets, after deducting at \$10.50 per share the Company's outstanding \$475,000 par value of 5% preference shares, amount to \$1,924,420, equivalent to \$13.38 for each of the 143,750 common shares of the Company to be outstanding after completion of present financing.

Parent Company

Reichhold Chemicals, Inc., incorporated under the laws of the State of Delaware, is a major unit in the United States chemical industry. It is the largest producer of synthetic resins for use in the surface coating field and a major producer of various industrial chemicals, inorganic colour pigments, glues, adhesives and other specialty chemical products. Its total net sales reached a record high level of \$74,057,680 for the fiscal year ended December 31, 1958.

Domestic manufacturing operations are carried out in 15 plants located in various parts of the United States. Subsidiary companies own and operate plants for the production of the company's products in Canada and Mexico. In addition associated companies operate in Argentina, Australia, Austria, Brazil, England, France, Germany, Hong Kong, Italy, Japan, Mexico, New Zealand, Norway, Phillipine Islands, Portugal, Spain, Sweden, Switzerland and Union of South Africa. Approximately 19% of the net income from operations before taxes of Reichhold Chemicals, Inc. for the fiscal year ended December 31, 1958 was derived from dividend and royalty payments received from foreign companies.

The published balance sheet for Reichhold Chemicals, Inc. as at December 31, 1958 shows that the gross book value, at cost, of fixed assets including construction in progress was \$31,055,102 and, after accumulated depreciation and amortization of \$10,008,653, that the net book value was \$21,046,449; that net current assets were \$14,166,794, and that stockholder's equity, or net book worth, was \$31,168,023.

For the year ended December 31, 1958, net profits of Reichhold Chemicals, Inc. were \$3,353,251.

Growth Prospects

Based on the growth pattern of the North American chemical industry in general and the parent company in particular, it is reasonable to expect that Reichhold Chemicals (Canada) Limited will continue to experience the steady growth rate that in the relatively short period of 9 years has brought the Company from a sales agency business to an important unit in the Canadian chemical industry. Synthetic resins are essential ingredients in the manufacture of a wide range of modern products found in daily use in home, factory and office and for defense purposes. Through research new uses and applications of these versatile materials and their derivatives are constantly being found, yet their full potential usefulness appears to be far from fully explored and developed. With the resources of the parent company's research and other facilities at its disposal and subject only to economic conditions, Reichhold Chemicals (Canada) Limited looks forward to increasing the range and volume of its products manufactured in Canada and to offering improved and more efficient service to its customers.

Yours truly,

(Signed) R. G. MACTAGGART,
President.

REICHOLD CHEMICALS (CANADA) LIMITED

Balance Sheet and Pro Forma Balance Sheet

December 31, 1958

After giving effect in the pro forma balance sheet to the issue and sale of 35,000 common shares for \$563,500.

Assets			
		Balance Sheet	Pro Forma Balance Sheet
CURRENT ASSETS:			
Cash.....		\$ 87,543	\$ 651,043
Accounts Receivable:			
Trade.....		689,843	689,843
Other.....		13,298	13,298
		<u>703,141</u>	<u>703,141</u>
Less allowance for doubtful accounts.....		20,191	20,191
Net receivables.....		<u>682,950</u>	<u>682,950</u>
Inventories, at the lower of cost or market:			
Raw materials.....		423,813	423,813
Finished goods.....		288,071	288,071
Total inventories.....		<u>711,884</u>	<u>711,884</u>
Prepaid expenses.....		<u>74,747</u>	<u>74,747</u>
Total current assets.....		<u>1,557,124</u>	<u>2,120,624</u>
FIXED ASSETS, AT COST LESS DEPRECIATION:			
Land, buildings, machinery, equipment and fixed assets under construction		3,081,216	3,081,216
Less: Allowance for depreciation.....		<u>1,013,460</u>	<u>1,013,460</u>
Net fixed assets.....		<u>2,067,756</u>	<u>2,067,756</u>
		<u><u>\$3,624,880</u></u>	<u><u>\$4,188,380</u></u>
Liabilities			
CURRENT LIABILITIES:			
Bank loan secured.....		\$ 250,000	\$ 250,000
Accounts payable and accrued expenses.....		340,278	340,278
Due to Reichhold Chemicals, Inc., parent company (U.S. Funds \$37,853) ..		36,710	36,710
Income and other taxes payable.....		<u>101,622</u>	<u>101,622</u>
Total current liabilities.....		<u>728,610</u>	<u>728,610</u>
SECURED SINKING FUND DEBENTURES (Note 1):			
5% due January 1, 1967.....		450,000	450,000
Less funds in hands of Trustee for redemption of debentures on January 1, 1959.....		<u>50,000</u>	<u>50,000</u>
		400,000	400,000
5¾% due January 1, 1973.....		<u>450,000</u>	<u>450,000</u>
		<u>850,000</u>	<u>850,000</u>
DEFERRED TAXES ON INCOME (Note 2).....		<u>186,600</u>	<u>186,600</u>
SHAREHOLDERS' EQUITY:			
Capital stock (Note 3):			
Authorized:			
47,500 5% non-cumulative redeemable preference shares with a par value of \$10.00 each.....	\$ 475,000		
762,500 common shares with a par value of \$2.00 each....	<u>1,525,000</u>		
	<u><u>\$2,000,000</u></u>		
Issued:			
47,500 preference shares.....	475,000	475,000	
108,750 common shares (pro forma—143,750 shares).....	217,500	287,500	
	692,500	762,500	
Earned surplus.....	797,170	797,170	
Contributed surplus.....	<u>370,000</u>	<u>863,500</u>	
Total shareholders' equity.....	<u>1,859,670</u>	<u>2,423,170</u>	
	<u><u>\$3,624,880</u></u>	<u><u>\$4,188,380</u></u>	

See accompanying notes to the balance sheets.

Approved on behalf of the Board:

(Signed) R. G. MACTAGGART, *Director*

(Signed) W. G. Aird, *Director*

REICHHOLD CHEMICALS (CANADA) LIMITED

Notes to the Balance Sheets

December 31, 1958

1. SECURED DEBENTURES

The 5% Sinking Fund Secured Debentures due January 1, 1967 are redeemable through the operation of a sinking fund at the rate of \$50,000 per year. The sinking fund payment due on January 1, 1959 was paid by the company in 1958 to the Trustee under the trust indentures. The 5 $\frac{3}{4}$ % Secured Debentures due January 1, 1973 are redeemable through the operation of a sinking fund at the rate of \$50,000 per year commencing January 1, 1968 or on January 1 of the year subsequent to the redemption of the 5% Secured Sinking Fund Debentures, whichever is earlier. Interest in addition to 5 $\frac{3}{4}$ % is payable on the 5 $\frac{3}{4}$ % Secured Debentures at the rate of $\frac{1}{4}$ of 1% per annum for each \$25,000 by which the net profit of the company (before charging the additional interest) exceeds \$100,000. Such additional interest is limited to a maximum of 3%. The Debentures are secured by a floating charge on all assets of the Company subject to a provision permitting the Company to give security, except on fixed assets, for current obligations up to a maximum of \$300,000.

The trust indentures securing the Debentures provide that dividends, other than stock dividends, declared subsequent to December 31, 1954 are limited in the aggregate to 25% of the net profits accrued subsequent to December 31, 1954 plus \$25,000. Surplus not restricted under this provision of the indentures amounted to \$87,387 at December 31, 1958. There is a further provision that no dividends, other than stock dividends, may be declared or paid if the declaration or payment thereof would reduce the net current assets below \$400,000. At December 31, 1958 the net current assets amounted to \$828,514.

2. DEFERRED TAXES ON INCOME

Deferred taxes on income results from claiming for tax purposes capital cost allowances in excess of the depreciation recorded in the accounts. Such deferred taxes are applicable to those future periods in which the amounts claimed for tax purposes will be less than the amounts recorded in the accounts.

3. CAPITAL STOCK

The 5% non-cumulative redeemable preference shares are redeemable at the Company's option at \$10.50 per share, are entitled to \$10.50 per share in preference over common shares in the event of voluntary liquidation and are entitled to \$10.00 per share in preference over common shares in the event of involuntary liquidation. At shareholders' meetings, holders of preference shares have five votes for each preference share held and holders of common shares have one vote for each common share held.

4. PENSION PLAN

The Company's pension plan provides for annual contributions of \$6,000 for past services of present employees until past service benefits have been purchased. There are an additional seven annual payments to be made in subsequent years which will total approximately \$42,000. It is estimated that, with the present staff, the annual cost to the company of future service benefits will approximate \$10,000.

Auditors' Report

To the Directors,
REICHHOLD CHEMICALS (CANADA) LIMITED,
Toronto, Ontario.

We have examined the balance sheet and pro forma balance sheet of Reichhold Chemicals (Canada) Limited as of December 31, 1958. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

We report that in our opinion:

(1) the accompanying balance sheet together with the notes thereto presents fairly the financial position of the Company at December 31, 1958;

(2) the accompanying pro-forma balance sheet together with the notes thereto presents fairly the financial position of the Company as of December 31, 1958 after giving effect as of that date to the changes set forth therein.

Toronto, Ontario.
April 15, 1959

(Signed) PEAT, MARWICK, MITCHELL & Co.,
Chartered Accountants.

Statutory Information

- (a) The full name of the Company is Reichhold Chemicals (Canada) Limited (hereinafter called the "Company") and the address of the head office of the Company is 1919 Wilson Avenue, Weston, Ontario.
- (b) The Company was incorporated under the laws of the Province of Ontario by letters patent dated October 26, 1949. Supplementary Letters Patent have been issued to the Company dated August 9, 1950, December 19, 1951, February 2, 1953, April 9, 1953, February 7, 1955, March 7, 1955, April 25, 1957, and January 23, 1958. Further supplementary letters patent converting the Company from a private company to a public company were issued to the Company dated April 14, 1959.
- (c) The general nature of the business actually transacted by the Company is the manufacture and/or sale of synthetic resins, inorganic colour pigments and other industrial chemical products.
- (d) The names in full, present occupations and home addresses in full of the directors and officers of the Company are as follows:

Directors

WILLIAM GARROWAY AIRD.....	Executive.....	2645 Bloor Street West, Toronto, Ontario.
ERNEST GORDON ARNOLD.....	Queen's Counsel	211 Dunvegan Road, Toronto, Ontario.
STEFAN HELMUTH BAUM.....	Executive.....	R.F.D. No. 1, Skyridge Road, Greenwich, Connecticut, U.S.A.
ALBERT GILLIES GOETZ.....	Attorney-at-Law.....	18010 Muirland, Detroit, Michigan, U.S.A.
RODERICK GORDON MACTAGGART.....	Executive.....	9 Riverside Crescent, Toronto, Ontario.
HENRY HELMUTH REICHHOLD.....	Executive.....	Bayberry Road, Chappaqua, New York, U.S.A.
DONALD BARTLETT TUSON.....	Executive.....	Sunset Drive, Armonk, New York, U.S.A.

Officers

HENRY HELMUTH REICHHOLD.....	Chairman of the Board.....	Bayberry Road, Chappaqua, New York, U.S.A.
RODERICK GORDON MACTAGGART.....	President and General Manager.....	9 Riverside Crescent, Toronto, Ontario.
WILLIAM GARROWAY AIRD.....	Executive Vice-President and Treasurer...	2645 Bloor Street West, Toronto, Ontario.
LESLIE ORMEROD BLACKBURN.....	Vice-President and Manager— Eastern Division.....	193 Maplecrest, Rosemere, Quebec.
ROBERT CHARLES MASON.....	Vice-President and Manager— Western Division.....	1042 Gatsensbury Road, Burquitlam, British Columbia.
DONALD GAY McNABB.....	Vice-President and Manager— Central Division.....	20 Monsheen Drive, Seneca Heights, Woodbridge, Ontario.
JOHN HERBERT BIGELOW.....	Vice-President—Sales.....	7 Delhi Avenue, Toronto, Ontario.
ERNEST GORDON ARNOLD.....	Secretary.....	211 Dunvegan Road, Toronto, Ontario.
ALBERT GILLIES GOETZ.....	Assistant Secretary...	18010 Muirland, Detroit, Michigan, U.S.A.
ROBERT JAMES ADAMS.....	Assistant Treasurer.....	48 Clearbrooke Circle, Rexdale, Ontario.

(e) The auditors of the Company are Messrs. Peat, Marwick, Mitchell & Co., 80 Richmond Street West, Toronto, Ontario.

(f) Montreal Trust Company is the Trustee for the 5% Sinking Fund Secured Debentures and the 5¾% Secured Debentures of the Company and registers upon which coupon Debentures may be registered as to principal and upon which fully registered Debentures shall be registered as to principal and interest and upon which transfers of Debentures so registered are made, are kept by the said Trustee at its office in the City of Toronto.

The Registrar and Transfer Agent for the common shares with a par value of \$2.00 each in the capital of the Company is National Trust Company, Limited at its offices in the Cities of Toronto, Montreal and Winnipeg. The register of holders and register of transfers of the 5% non-cumulative redeemable preference shares with a par value of \$10.00 each in the capital of the Company are maintained at the head office of the Company, 1919 Wilson Avenue, Weston, Ontario

(g) The authorized share capital of the Company is \$2,000,000 divided into 47,500 5% non-cumulative redeemable preference shares with a par value of \$10.00 each (hereinafter sometimes referred to as "preference shares"), all of which have been issued and are outstanding as fully paid, and 762,500 common shares with a par value of \$2.00 each (hereinafter sometimes referred to as the "common shares") of which 108,750 shares have been issued and are outstanding as fully paid.

(h) The following is a description of the respective voting rights, preferences, rights to dividends, profits or capital of each class of shares in the capital of the Company, including redemption rights and rights on liquidation or distribution of capital assets:

1. The holders of the preference shares shall be entitled to receive, when and as declared by the board of directors, non-cumulative dividends at the rate of Fifty cents (50¢) per share per annum, and no more, payable semi-annually;

2. Upon any voluntary dissolution, liquidation or winding up of the Company the holders of the preference shares shall be entitled to receive par value, plus a premium of Fifty cents (50¢) for each preference share held, plus an amount equal to all declared and unpaid dividends thereon to the date of payment thereof, and no more, before any distribution or payment shall be made to the holders of the common shares; upon any involuntary dissolution, liquidation or winding up of the Company, the holders of the preference shares shall be entitled to receive par value for each preference share held, plus an amount equal to all declared and unpaid dividends thereon to the date of payment thereof, and no more, before any distribution or payment shall be made to the holders of the common shares;

3. At any time and from time to time all or any portion of the preference shares may, at the option of the Company, exercised by a resolution of its board of directors, be redeemed at the amount paid up thereon plus a premium of Fifty cents (50¢) per share and declared and unpaid dividends thereon to the redemption date; notice of every such redemption shall be given by registered mail not less than thirty (30) days prior to the date fixed for such redemption to the holders of record of the shares so to be redeemed at their respective addresses as the same shall appear on the books of the Company; but no failure to mail such notice nor any defect thereon or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares so to be redeemed; if such notice of redemption shall have been duly given by registered mail and if, on or before the redemption date specified therein, all funds necessary for such redemption shall have been set aside by the Company, separate and apart from the other funds, in trust, for the pro rata benefit of the holders of the shares so called for redemption, then, notwithstanding any certificate for shares so called for redemption shall not have been surrendered for cancellation all shares so called for redemption shall no longer be deemed outstanding on and after such redemption date, and all rights of the holders of such shares (including all voting rights) shall forthwith, on such redemption date, cease and terminate, except only the right of the holders thereof to receive the amount payable on redemption thereof, without interest; the funds so set aside shall be deposited by the Company with a bank or trust company in good standing, designated in such notice, organized under the laws of the Dominion of Canada, doing business in the City of Toronto, Ontario, as determined by the board of directors, in trust for the pro rata benefit of the holders of the shares so called for redemption, and in that event the only right of the holders thereof shall be to receive from such bank or trust company, at any time after the date of such deposit, the funds so deposited, without interest;

4. The holders of preference shares shall be entitled to five votes (5) for each preference share held by them at all meetings of the shareholders of the Company and the holders of common shares shall be entitled to one (1) vote for each common share held by them at all meetings of the shareholders of the Company.

(i) The Company has authorized the creation of Secured Debentures not exceeding in the aggregate \$1,000,000 principal amount thereof in lawful money of Canada of which there have been issued (1) \$500,000 principal amount of 5% Sinking Fund Secured Debentures, of which \$100,000 principal amount has been retired, leaving outstanding \$400,000 principal amount thereof, and (2) \$500,000 principal amount of 5¾% Secured Debentures, of which \$50,000 principal amount has been retired, leaving outstanding \$450,000 principal amount thereof.

The Secured Debentures have been issued under an indenture made as of January 1, 1953 between the Company and Montreal Trust Company, as Trustee, as supplemented by an indenture made as of January 1, 1955 between the same parties (the said indentures being hereinafter collectively referred to as the "Trust Indenture"). The Trust Indenture provides that the 5% Sinking Fund Secured Debentures shall mature on January 1, 1967 and that the 5¾% Secured Debentures shall mature on January 1, 1973. The Company has covenanted in the Trust Indenture to pay to the Trustee the following amounts as and by way of sinking funds for the Secured Debentures:

- (i) for the 5% Sinking Fund Secured Debentures, on or before January 1 in each of the years 1958 to 1967, both inclusive, an amount sufficient to redeem \$50,000 principal amount thereof; and
- (ii) for the 5¾% Secured Debentures on January 1, 1968 or on January 1 of the year following the year in which all the 5% Sinking Fund Secured Debentures are retired, whichever is earlier, and on each January 1 thereafter up to and including January 1, 1972, an amount sufficient to redeem \$50,000 principal amount thereof.

The Trust Indenture provides for the securing of the Secured Debentures by a first floating charge on all the undertaking, property and assets of the Company for the time being both present and future provided, however, that the Company is permitted to give security, except on fixed assets, for current obligations up to a maximum of \$300,000. The Company has further covenanted in the Trust Indenture that while the Secured Debentures are outstanding it will not declare or pay any dividend (other than a stock dividend) on any shares of its capital which, together with dividends previously declared since December 31, 1954, would exceed in the aggregate 25% of the consolidated net profits of the Company and its subsidiaries, if any, since December 31, 1954 plus \$25,000 and that no such dividend will be declared if the same would reduce the consolidated net current assets below \$400,000.

Reference is hereby expressly made to paragraph (zg) hereof for a statement as to the circumstances under which the interest rate on the 5¾% Secured Debentures may be increased up to a maximum of 8¾% per annum.

The outstanding Secured Debentures and preference shares rank ahead of the shares offered by this prospectus.

(j) The Company does not propose to create or assume any substantial indebtedness which is not shown in the pro forma balance sheet as at December 31, 1958 forming part of this prospectus, save and except borrowings in the ordinary course of business.

(k) No securities of the Company are covered by options outstanding or proposed to be given by the Company.

(l) The number of shares offered by this prospectus and the issue price to the public and the terms thereof are as stated on the face of this prospectus to which reference is hereby expressly made. Reference is hereby expressly made to paragraph (p) hereof for the issue price to the underwriters of the shares offered by this prospectus.

Between May 1, 1957 and December 31, 1958 an aggregate of 20,000 common shares were offered to shareholders of the Company and to certain employees of the Company and of Reichhold Chemicals, Inc., the parent company of the Company. All of the shares so offered were actually issued to such shareholders and employees as fully paid up and the Company received a cash consideration of \$200,000 therefor, no commission being payable in respect thereof.

Save as aforesaid no securities of the Company have been offered for sale within the two years preceding the date of this prospectus.

(m) The estimated net proceeds to be derived by the Company from the sale of the shares offered by this prospectus on the basis of the same being fully taken up and paid for are \$563,500, less legal and auditing fees and other expenses in connection with the issue.

(n) The net proceeds of the sale by the Company of the shares offered by this prospectus will be added to the general funds of the Company and will be used for general corporate purposes.

(o) In the opinion of the directors no minimum amount must be raised by the issue of the shares offered by this prospectus.

(p) On April 13, 1959 the Company entered into an agreement with McLeod, Young, Weir & Company Limited, as underwriters, for the sale to such underwriters and the purchase by them of the 35,000 shares offered by this prospectus at a price of \$16.10 per share payable in cash against delivery of the said shares and subject to compliance with the necessary legal formalities and other terms and conditions stated in the said agreement.

(q) The by-laws of the Company contain the following provisions with respect to the remuneration of directors: "Subject to any agreement to the contrary, the directors shall be paid such remuneration as the board shall from time to time by resolution determine. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in going to, attending and returning from board, committee and shareholders' meetings and any other expenses properly incurred by them in connection with the affairs of the Company or to receive such fixed allowance in respect thereof as the board may from time to time by resolution determine. The directors may by resolution award special remuneration to any director of the Company undertaking any special work or service for, or undertaking any special mission on behalf of, the Company other than routine work ordinarily required of such director. Any remuneration payable to a director who is also an officer or employee of the Company, or who is counsel or solicitor to the Company, or otherwise serves it in a professional capacity, shall be in addition to his salary as such officer or employee or to his professional fees, as the case may be. No confirmation by the shareholders of any such remuneration or payment shall be required."

(r) No remuneration was paid by the Company during its last financial year ended December 31, 1958 and none is estimated to be paid or payable during its current financial year to directors of the Company as such. The aggregate remuneration paid by the Company during its last financial year to its officers as such who individually received remuneration in excess of \$10,000 was \$52,900 and the aggregate estimated amount to be paid or payable to such officers during its current financial year is \$72,400.

(s) No amount has been paid within the two years preceding the date hereof or is payable by the Company as a commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or obligations of, the Company. Reference however is made to paragraphs (l) and (p) hereof.

(t) The Company has been carrying on business for more than one year.

(u) and (v) No property has been purchased or acquired by the Company and none is proposed to be purchased or acquired the purchase price of which is to be defrayed in whole or in part out of the proceeds of the shares offered by this prospectus or the purchase or acquisition of which has not been completed at the date of this prospectus, other than in the ordinary course of operations or on the general credit of the Company. No property has been purchased or acquired by the Company and none is proposed to be purchased or acquired the purchase price of which has been paid within the two years preceding the date hereof or is to be paid in whole or in part in securities of the Company.

(w) On June 30, 1957 the Company issued to the holders of record of common shares of the Company on April 30, 1957, 1250 common shares as a stock dividend on the common shares of the Company then issued and outstanding. On August 27, 1957, the Company issued 25,000 of its common shares to Reichhold Chemicals, Inc. for a consideration of \$250,000 which was contemporaneously applied to the partial reduction of the then outstanding indebtedness of the Company to Reichhold Chemicals, Inc.

Save as aforesaid no securities of the Company have been issued or agreed to be issued within the two years preceding the date of this prospectus as fully or partly paid up otherwise than in cash.

(x) No obligations are offered by this prospectus.

(y) Except for services rendered or to be rendered in the ordinary course of business, no services have been rendered or are proposed to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the shares offered by this prospectus other than legal and auditing and other services in connection with the issue of the said shares. No services have been paid for within the two years preceding the date hereof or are now proposed to be paid for by securities of the Company.

(z) No amount has been paid within the two years preceding the date of this prospectus or is intended to be paid to any promoter.

(za) The Company has not entered into any material contracts within the two years preceding the date of this prospectus, other than contracts entered into in the ordinary course of business, except the agreement between the Company and McLeod, Young, Weir & Company Limited referred to in paragraph (p) hereof. A copy of such agreement may be inspected during ordinary business hours at the head office of the Company during the period of primary distribution to the public of the shares offered by this prospectus.

(zb) No director of the Company or firm of which a director is a partner has any interest in any property proposed to be acquired by the Company.

(zc) The Company has been carrying on business for more than three years.

(zd) Reichhold Chemicals, Inc., 525 North Broadway, White Plains, New York, U.S.A., by reason of its beneficial ownership of shares of the Company, is in a position to elect a majority of the directors of the Company.

(ze) No securities of the Company are held in escrow.

(zf) The following cash dividends have been paid by the Company during the five years preceding the date of this prospectus:

<u>Year Ending</u>	<u>Preference Dividends</u>	<u>Common Dividends</u>
December 31, 1954	Nil	\$12,500
December 31, 1955	Nil	12,500
December 31, 1956	\$23,750	12,500
December 31, 1957	Nil	Nil
December 31, 1958	Nil	20,515

In addition to the foregoing, dividends of \$23,750 and \$21,750 respectively were paid by the Company on April 10, 1959 on its then outstanding preference and common shares. Reference is hereby expressly made to paragraph (w) hereof for particulars of the stock dividend paid by the Company on its common shares in 1957.

(zg) Under an Indenture made January 1, 1953 between the Company and Manufacturers Life Insurance Company and Sun Life Assurance Company of Canada as purchasers of the Company's 5¾% Secured Debentures, the Company, inter alia, covenanted and agreed with such purchasers that in addition to the interest payable under the said Debentures, the Company would pay to such purchasers interest on the principal amount of the said Debentures held by them at a rate (not in excess of 3% per annum) aggregating ¼ of 1% per annum for each amount of \$25,000 by which the consolidated net profits of the Company and its subsidiaries, if any, (calculated before charging to such consolidated net profits such additional interest) exceeds \$100,000.

Prior to January 1, 1959 the Company, by arrangement with Reichhold Chemicals, Inc., manufactured its products under the formulae, technical assistance and know-how of Reichhold Chemicals, Inc., free of royalties. Pursuant to an agreement with Reichhold Chemicals, Inc., dated April 13, 1959, the Company may continue for a period of twenty-five years from January 1, 1959 to manufacture its products under the patents, formulae, processes, technical know-how and trade marks of Reichhold Chemicals, Inc., but subject to payment of the following royalties: 1% of net sales of such products in 1959 or \$10,000 whichever is less, 1% of such net sales in 1960 and 2% of such net sales in each year thereafter.

The foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Part IX of The Securities Act, 1955 (Alberta), by Section 13 of the Security Frauds Prevention Act (New Brunswick) and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Directors

(Signed) R. G. MACTAGGART

(Signed) W. G. AIRD

(Signed) E. G. ARNOLD

(Signed)

H. H. REICHOLD

S. H. BAUM

A. G. GOETZ

D. B. TUSON

(Signed) by their Agent

R. G. MACTAGGART

To the best of our knowledge, information and belief, the foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Part IX of the Securities Act, 1955 (Alberta), by Section 13 of the Security Frauds Prevention Act (New Brunswick) and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

Underwriters

MCLEOD, YOUNG, WEIR & COMPANY LIMITED

Per: (Signed) JOHN E. LANGDON

Dated this 15th day of April, 1959.

The following are the names of all persons having an interest directly or indirectly to the extent of not less than five percentum in the capital of McLeod, Young, Weir & Company Limited: J. H. Ratcliffe, H. S. Backus, R. A. Jarvis, F. O. Evans, J. S. Dinnick, J. E. Langdon and C. P. Keeley.

